

Message Text

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ACTION STR-07

INFO OCT-01 AF-10 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
/111 W

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P R 131510Z JUL 78
FM AMEMBASSY LAGOS
TO USMISSION GENEVA PRIORITY
INFO SECSTATE WASHDC 9474
USDOC WASHDC
AMCONSUL KADUNA

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E.O. 11652: N/A
TAGS: MTN, ETRD, NI
SUBJECT: US/NIGERIA MTN BILATERAL

REF: A) GENEVA 9281; B) STATE 163837

1. PER REFTELS, EMBASSY MADE DEMARCHE TO HIGH LEVEL FEDERAL MILITARY GOVERNMENT (FMG) OFFICIALS CONCERNING NEED FOR RESPONSE BY JULY 15 TO U.S. REQUESTS FOR TARIFF CUTS AT MULTI-LATERAL TRADE NEGOTIATIONS (MTN). WE ALSO STRESSED NEED FOR FMG TO JUSTIFY ITS APRIL 1 IMPORT RESTRICTIONS THROUGH GENERAL AGREEMENT ON TRADE AND TARIFFS (GATT). IN JUNE 30 MEETING, MIN. TRADE OFFICIAL ENEH INDICATED THAT FMG WAS CONSIDERING US REQUEST. MEETING WAS SUPPORTED BY LETTER OF JULY 11 FROM ECONOMIC COUNSELOR TO PERMSEC MIN. TRADE.

2. COMMENT: EMBASSY IS NOT OPTIMISTIC ABOUT CHANCE OF SWIFT OR POSITIVE RESPONSE BY FMG TO US REQUEST. ENEH IS THE LAGOS BACKSTOP FOR FMG REP IN GENEVA, ADEWAKUN. ACCORDING TO ENEH
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WHEN ADEWAKUN CAME TO LAGOS ON JUNE 29, HE DID NOT CONVEY URGENCY OF US REQUEST. THE HEART OF ADEWAKUN'S REPORT WAS THAT THE TALKS WERE NOW MOVING INTO AN IMPORTANT PHASE AND THAT TECHNICAL PEOPLE, DRAWN FROM CUSTOMS AND THE NIGERIAN NATIONAL SUPPLY CO., SHOULD BE ADDED TO THE GENEVA DELEGATION. EARLY ON IN CONVERSATION WITH EMBOFF, ENEH INDICATED THAT A

DEFINITIVE WORD ON TARIFF CUTS WOULD ONLY BE AVAILABLE
AFTER BUDGET SPEECH OF NEXT APRIL.

3. ELIMINATION OF DUTY ON ANIMAL FEED INPUTS AND AG
MACHINERY IS POTENTIALLY SIGNIFICANT. FORMER DEPENDS
UPON AN FMG DECISION TO ALLOW PREMISING OF FEED BASE
AND CONCENTRATE IN COUNTRY OF ORIGIN. CONCENTJL TE
IMPORTS ONLY AMOUNTED TO \$3 MILLION IN 1976 THE LATEST
YEAR FOR WHICH FIGURES ARE AVAILABLE. HOWEVER, US
EXPORTS \$180 MILLION OF CORN TO NIGERIA WHICH REPRESENTS
90 PERCENT OF THE MARKET. SINCE CORN FOR HUMAN CONSUMP-
TION ATTRACT 20 PERCENT DUTY AND CORN AS FEED INPUT
WOULD ATTRACT NO DUTY, THERE IS A CHANCE FOR A SIGNIFI-
CANT INCREASE IN IMPORTS.

4. IN TERMS OF AG MACHINERY, PICTURE IS LESS CLEAR.
COUNTRY IS AT A VERY LOW LEVEL OF MECHANIZATION IN
AGRICULTURE. IMMEDIATE DEMANDS WILL NOT BE GREAT. IN
ADDITION, TRACTORS HAVE BEEN FREE OF DUTY FOR SEVERAL
YEARS. IN LONGER TERM, GOVERNMENT INCENTIVES
COMBINED WITH FLIGHT OF SMALL FARMER TO CITIES
COULD SPUR DEMAND FOR AG MACHINERY. IF THIS IS
THE CASE, US WOULD BE WELL PLACED TO BENEFIT;
FORD FOR EXAMPLE, ALREADY HAS 80 PERCENT OF LOCAL TRACTOR
MARKET.

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NNN

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